

CONFIDENTIAL DOCUMENT – CONTAINS OFFEROR INFORMATION MARKED AS CONFIDENTIAL IN OFFER
EVALUATION

The following chart identifies significant pieces of the INS Proposal #1 for the purchase of the ICN network. Further detail and analysis of each if the items listed below can be found in the accompanying Evaluation document compiled by the RFP Evaluation Team.

INS Financial Proposal	Estimated Value	Evaluation Notes
Estimated Purchase Price (cash to be paid)	\$ 12,700,000	Increases to \$16.1 million if right of way fees waived - less than the \$25 million invested in network upgrade under the federal BTOP program (BTOP project complete by 6/30/13). Significantly less than comparable network build cost of \$149 million.
Right of Way	\$ 3,400,000	<ul style="list-style-type: none"> - Requested waiver for 5 years. Estimates annual value of fees at \$680,000. - ICN staff estimates annual fee amount at approximately \$2 million – (5 year waiver ~ \$10 million). - Potential "equity issue" regarding other occupants of right of way. - Violates Session Law requirement that "Public funds shall not be used to secure the purchase of the network."
Sales and Property Taxes	\$ 5,200,000	Unverifiable
ICN Losses	\$ 36,100,000	<ul style="list-style-type: none"> ICN operates with a positive net cash annually and has no losses covered by the taxpayers. ICN receives appropriations (currently \$2.2M) for Capitol Complex/State agency communications (not part of sale) and for required investment for federal e-rate funding. Remaining network costs are covered through existing fee structure.
INS Total Estimated Bid Value	\$57,400,000	Inclusion of items other than cash to be paid (\$12.7M) appears to violate 2011 Iowa Acts, Chapter 122, Section 8 as amended by 2011 Iowa Acts, Chapter 127, Section 55 which states: "Public funds shall not be used to secure the purchase of the network."

Additional Identified Risks	
Capitol Complex data revenues	SF 396 (State Chief Information Officer legislation) potentially impacts this assumption and could result in INS reducing cash offer.
Billing/Accounting Function	
INS commits to "replication" of ICN billing system through migration to INS billing system.	Unclear if INS billing system accommodates state agencies' billing requirement of splitting of costs among various funding accounts. ICN accommodates these requests through its finance staff. If INS cannot "replicate", agencies will incur additional costs (staff time or additional staff hires).
Services	
Offer "anticipates new service opportunities" without identifying what those might be.	Services listed in offer are similar to services currently being offered by the ICN or that will be offered with the completion of the BTOP upgrade on 6-30-13.
Network Usage	
Would potentially expand access to and benefits of network to private sector and individual Iowans.	<ul style="list-style-type: none"> Would potentially impact the following uses negatively: -Planned cyber security operations of new 132nd Attack Wing of IA Air National Guard -State Radio Interoperability Network (FirstNet) IA National Guard would need to expend significant resources encrypting current connections located throughout the State.